State of Alaska
FY2009 Governor's Operating Budget

University of Alaska
Performance Measures

Contents

University of Alaska

Mission

The mission of the University of Alaska is to respond to the educational needs of all Alaskans and to enhance Alaska's economy by fostering and promoting
(1) a high quality postsecondary educational system;
(2) appropriate vocational education development and training;
(3) advancement and extension of knowledge, learning, and culture; and
(4) the application of new knowledge and emerging technologies to meet the needs of the state.

The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples.
(Board of Regents' Policy 10.01.01)

Core Services

The core services of the University of Alaska System are:

- Provide a high quality postsecondary educational system;
- Supply appropriate vocational education development and training;
- Foster the advancement and extension of knowledge, learning, and culture; and
- Serve as the states' primary research facility with focus on the application of new knowledge and emerging technologies to meet the needs of the state.

End Result	Strategies to Achieve End Result
A: More graduates who are qualified to take a high demand job in Alaska. Target #1: A target of 2,686 degrees and certificates awarded in high demand job area (HDJA) programs in FY09. Measure #1: The number of Alaska HDJA degrees and certificates awarded.	**A1: More graduates ready to be employed in specific Alaska high demand job areas.** Target #1: A target of 791 degrees awarded in Health related fields in FY09. Measure #1: The number of degrees awarded in Health related fields. Target #2: A target of 265 degrees awarded in engineering and construction related fields in FY09. Measure #2: The number of degrees awarded in engineering and construction related fields.
End Result	**Strategies to Achieve End Result**
B: Generate a significant amount of revenue from sources other than the State of Alaska, such as federal revenue, tuition and fees and university receipts. Target #1: A target of $400 million in university and federal receipts in FY09. Measure #1: The amount of revenue the University of Alaska receives from external sources such as federal, tuition and fees, and university receipts.	**B1: Greater revenue generation from tuition and fees.** Target #1: Increase revenue the University of Alaska receives from student tuition and fees to $103.7 million in FY09. Measure #1: The amount of revenue the University of Alaska receives from student tuition and fees. Target #2: Increase Charitable Gifts benefiting UA to $26.6 million in FY09. Measure #2: The dollar value of charitable gifts and

	charitable gift commitments benefiting UA.
End Result	**Strategies to Achieve End Result**
C: Increased level of competitive research activity. Target #1: A target of $133 million in grant funded expenditures in FY09. Measure #1: The amount of grant funded research expenditures.	**C1: Increased research activity in areas of importance to the State of Alaska.** Target #1: Increase number of new research grants awarded in areas of importance to the State of Alaska: health/biomedical, climate change, resource development, fisheries and ocean science, logistics, geosciences, and atmospheric sciences to 325 in FY09. Measure #1: Number of new research grants awarded in areas of importance to the State of Alaska: health/biomedical, climate change, resource development, fisheries and ocean science, logistics, geosciences, and atmospheric sciences.
End Result	**Strategies to Achieve End Result**
D: Increased retention of students in university degree programs. Target #1: A target 66% retention rate for first-time full-time students in undergraduate and certificate programs in FY09. Measure #1: Retention rate for first-time full-time students in undergraduate degree and certificate programs.	**D1: Higher retention rate for specific groups of first-time, full-time freshmen.** Target #1: Increase the retention rate for first-time, full-time baccalaureate students to 72.7 percent by FY09. Measure #1: The retention rate for first-time, full-time baccalaureate students.
End Result	**Strategies to Achieve End Result**
E: Greater level of student credit hour (SCH) enrollment. Target #1: A target of a 567,000 Student Credit Hours (SCH) attempted in FY09. Measure #1: The number of SCH attempted.	**E1: Greater enrollment of students in targeted groups.** Target #1: Increase the number of students enrolled in a high demand job area degree program to 13,698 by FY09. Measure #1: The number of students enrolled in a high demand job area degree program.

Major Activities to Advance Strategies

- Expand and create new partnerships to advance workforce development programs
- Maximize leverage of state appropriations to seek competitive federal research grants
- Expand development efforts targeting alumni, corporate partners, faculty and staff
- Increase student success and preparation through outreach, advising, counseling and placement
- Focus course, certificate and degree offerings on student and state workforce demand priorities
- Maintain highest standard of accountability, transparency, and efficiency of operations
- Secure necessary support for major renewal and replacement of facilities to protect existing assets

FY2009 Resources Allocated to Achieve Results

FY2009 Department Budget: $835,699,200

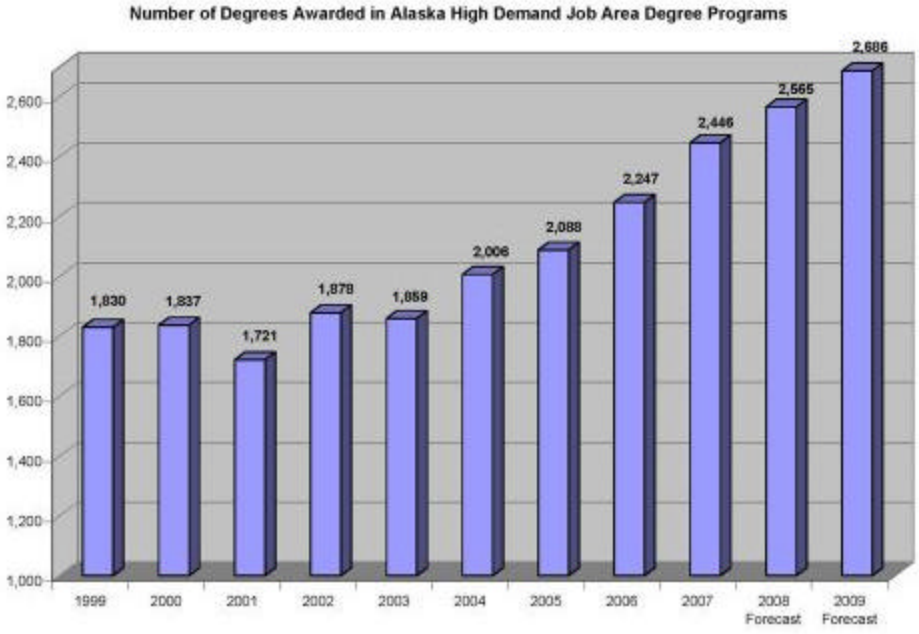
Personnel:	
Full time	4,693
Part time	222
Total	4,915

Performance Measure Detail

A: Result - More graduates who are qualified to take a high demand job in Alaska.

Target #1: A target of 2,686 degrees and certificates awarded in high demand job area (HDJA) programs in FY09.

Measure #1: The number of Alaska HDJA degrees and certificates awarded.



Analysis of results and challenges: UA awarded 9 percent (about 200) more HDJA degrees and certificates in FY07 than in FY06, exceeding a target increase of 2 percent over this time. Overall performance increases of 5 percent in FY08 and 5 percent in FY09 are expected. The target for FY09, although shown as a forecast, is based on full funding the Governor's approved FY09 operating and capital requests.

Though overall enrollment has remained fairly flat over the last four years, many more students are choosing to enroll in HDJA programs. This is an area UA has chosen to focus resources on in order to best align degree programs with state priorities. HDJA programs tend to be more expensive than other programs (e.g. lab needs for health programs, limited class sizes), however students tend to complete these programs at a higher rate than other degree programs and are now working in Alaska.

Educating students in HDJA programs is a responsibility that all UA campuses contribute to. For example, more than 35 percent of students graduating from Anchorage campus with a HDJA degree or certificate used credits earned at other campuses to help meet their degree requirements. Overall, about 55 percent of students who receive a HDJA degree or certificate attend more than one campus during their career.

HDJA programs include: nursing, allied health, behavioral health, engineering, welding, computer networking, construction management and technology, information technology, business, accounting, logistics, and many others aligned with the Department of Labor and Workforce Development workforce projections.

Funding Impact:

There is a lag between investments made in a program and degree production. This lag is due to a lag between enrollment growth and degree production, because students take two to four years to complete most degree programs.

FY07 Program Increments

UA received a program increment in FY07 of $4.2 million for Preparing Alaskans for Jobs and Continuing Programs in State Needs. This supported: expansion of engineering programs; the Alaska Native Science and Engineering (ANSEP) program; programs in construction and mining technology; vocational education; teacher and early childhood education programs; distance delivery of high demand job area programs; nursing, behavioral health and allied health programs.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only three of the last nine years, (FY01, FY02 and FY07) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. However, the University recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations the Board of Regents has distributed funding towards priority programs every year. UA added more than 100 new degree, certificate and occupational endorsement programs over this time.

The funding UA received from state appropriations in FY08 was $1.6 million less than UA's compensation and fixed costs increases and did not provide funding for key programs. However, given the critical and urgent nature of proceeding with programmatic needs, $2.5 million general fund was reallocated to the highest priory programs, including health, engineering, construction, mining, and geography.

FY09 Program Increment Requests

Below are details on the increments included in the Governor's approved FY09 operating request related to performance on this measure.

Preparing Alaskans for Jobs

- Health - This request is representative of significant health program needs across the system and includes an array of high-demand fields with proven success: allied health, behavioral health, nursing, primary care and public health, as well as multi-disciplinary efforts at the full range of academic levels from certificate through graduate. Most of the programs are centered in Anchorage and are designed to serve students across the state (multi-MAU). Examples of requests include: Increasing the AAS Nursing Program in Anchorage; WWAMI Expansion Support Costs; Community Health Aid teaching and community support; Dental Hygiene Expansion at UAA CTC; and Health Sciences faculty at UAS.

- Engineering and Construction Management – This request provides support for expansion of existing engineering and construction program capacity to meet overwhelming industry demand for Alaska-trained

workers in these fields and high student demand for additional slots in UA programs. Major program elements include resources needed to continue the program expansion necessary to double the number of undergraduate engineers graduating annually. Requests include support for additional engineering faculty at UAA including expansion of the BSE, civil engineering, transportation and geomatics; faculty and staff support for UAA Construction Management; mining industry training needs for construction/operations staff, heavy - duty equipment mechanics, millwrights, and roustabouts at UAS; pre-Engineering 1+3 program at UAS as a feeder to existing UAA and UAF programs; support faculty, staff and graduate assistants for UAF engineering programs.

FY09 Fixed Costs Request

To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Requests

Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future

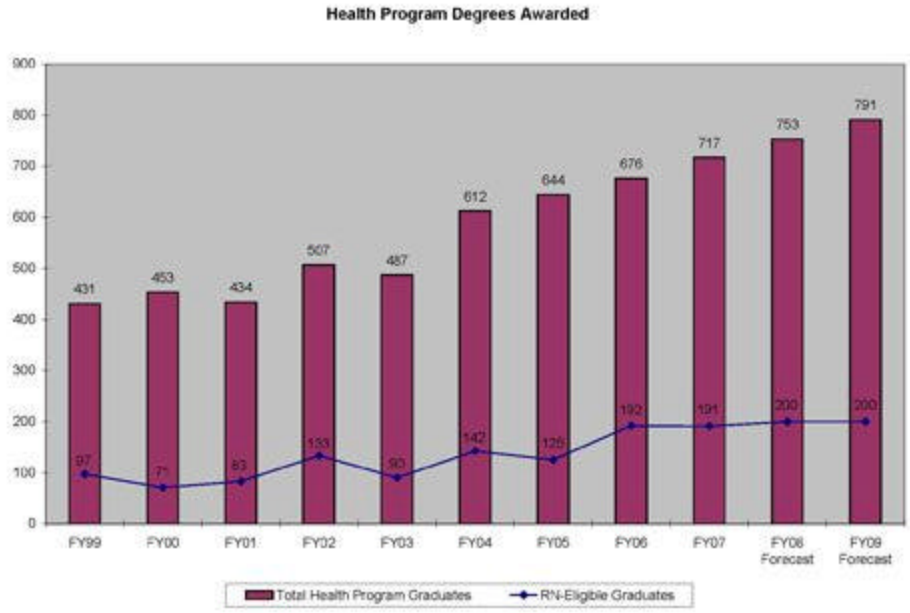
The Board of Regents' full FY09 request included a Student Success/Student Demand increment, a Fisheries increment, planning for the UAF Engineering, Energy and Technology Building, planning for the UAA Engineering Building Addition, and additional classroom space through the UAA Health Sciences building and the UAF Biosciences facility. Student Success initiatives would positively impact performance on this measure through improved retention and graduation rates. Also, to improve the university's ability to respond to state needs, funding for fisheries will be needed in the future.

In order to continue strong growth in the number of students enrolled in high demand job area programs the issues of facility capacity for key program areas will need to be addressed. The Health Sciences building would provide the additional space necessary to continue growing in the health programs. UA plans to double the number of baccalaureate engineering degrees awarded by FY12. To achieve this goal funding for additional space will be required. The Biosciences facility will provide critical instructional classrooms for life sciences such as bio-medical research and pre-medicine/veterinary, wildlife biology, physiology, ecosystem and global change science, evolutionary biology, and population genetics.

Providing education and training for students to pursue careers in the state's high demand fields is one of UA's primary roles. Of the 706 occupations included in the 2000-2010 Occupational Forecast from the State of Alaska Department of Labor (http://www.labor.state.ak.us/research/trends/apr03ind.pdf), 51 occupations were identified as high demand (i.e., classified as best bet occupations in Alaska, growing in the number of jobs available and having higher than average wages). Although dominated by the health-related occupations, the list of high demand job areas includes occupations as diverse as Computer System Analyst and Educators. New projections have recently been published for the period of 2004 – 2014 and incorporation of these into the HDJA measure is scheduled for completion by FY09.

A1: Strategy - More graduates ready to be employed in specific Alaska high demand job areas.

Target #1: A target of 791 degrees awarded in Health related fields in FY09.
Measure #1: The number of degrees awarded in Health related fields.



Analysis of results and challenges: The high demand job area with the most dramatic increase in number of degrees awarded since FY99 is health. A total of 717 health related degrees were awarded in FY07, up from 431 in FY99, a 66 percent increase. This increase is due to enrollment growth in existing health programs, as well as the availability of new program offerings. The university's FY07 health degrees target of a 4 percent increase was exceeded by 14 degrees (2 percentage points) and so the FY08 target has been reset to a 5 percent increase over the FY07 level. Each MAU contributed to the increases, with 78 percent of the increase occurring through UAA. Specific degree programs with significant growth in enrollment and degree production over the last eight years include associate of applied science (AAS) programs in Emergency Services, Nursing and Radiologic Technology as well as bachelor degree programs in Nursing, Psychology and Human Services. The FY09 target for the number of degrees in high demand health programs is a 10 percent increase from FY07.

One area of demonstrated success in the health programs is the doubling of Registered Nurse (RN) eligible graduates. The University/Industry Alaskan Nursing Education Task Force's 2002 report found that only half the annual 220 openings for registered nurses (RNs) in Alaska could be filled with new, in-state graduate RNs. In response to this finding, the University of Alaska committed to double its production of RN-eligible degree recipients by 2006, equivalent to about 90 more associate and bachelor's degrees per year. The University of Alaska met its goal. In FY06, the UAA School of Nursing awarded an additional 109 RN associate and bachelor's degrees beyond 2001 award levels and committed to maintaining at least the current level of graduates into the future, which it did in FY07. The graph above shows the number of degrees awarded over the last nine years. Some variability in the number of graduates occurred during the years as a result of ramping up capacity at various sites to achieve overall growth. The FY09 health request for expanding the nursing program will add 16 additional slots at the Anchorage campus, bringing total nursing degree production up to about 216 per year by FY10.

For the past five years, UA has been expanding its health program offerings with great success. Enrollments are up 66 percent, with nearly 3500 students enrolled in health programs across the system. Even with UA's progress, health occupations comprise 9 of the state's 10 fastest growing occupations and employers report a difficulty attracting qualified workers. The 2007 Alaska Health Workforce Vacancy Study (http://nursing.uaa.alaska.edu/acrh/) confirmed an average vacancy rate of 10 percent in all health

occupations, with rates more dramatic in rural areas. This is partially due to the fact that industry growth is outpacing the growth of university programs; the health services industry is the fastest growing area of Alaska's economy.

Funding Impact

There is a lag between investments made in a program and degree production. This lag is due to a lag between enrollment growth and degree production, because students take two to four years to complete most degree programs.

FY07 Program Increments – Due to the lag in the impact of funding on degrees awarded, the FY07 program increments will just start taking effect in FY09. UA received an FY07 program increment of $764.0 thousand for Continuing Programs in State Needs: Nursing, Behavioral and Allied Health Programs. A portion of this increment provided ongoing support to distance delivery of high demand job Health programs. The FY07 increment was in direct support of UA meeting its FY09 target increase of 10 percent from FY07 in the number of degrees awarded in high demand health programs. Without future state investment in these programs this measure will plateau between FY10 and FY13. It is important to note that UA's investment in health related instruction programs grew from $10.8 million in FY99 to $24.7 million in FY07, only $3.4 million of which came from legislative state appropriation increases for program growth.

Internal Reallocation – Every year since FY99, UA's Board of Regents has directed reallocation and new funding to high demand job related programs. In only three years, have legislative state appropriation increases covered fixed costs and provided for some program growth, thus for the other years, the Board forced internal reallocation to key high job demand areas. This demonstrates focus and alignment to state priorities. In FY08, given the critical and urgent nature of proceeding with high demand programmatic needs, $2.5 million in general funds was reallocated from all campuses. Additionally, tuition increases, partnerships with industry, Federal grants, and invention of the Technical Vocational Education Program (TVEP) fund have contributed to these important programs. In FY08, $1.0 million in temporary funds were invested in key workforce programs. The impact of reallocations will be noticed most acutely in FY09 and beyond as UA's ability to generate external funding is limited.

FY09 Operating Funding – Note that due to the lag between funding and degree production this measure will not show the full impact of FY09 funding until FY10-FY12. However, an early impact will be seen in other metrics such as student credit hours generated by students in high demand job area programs. The Governor's FY09 operating budget request includes investments in high demand programs such as health occupations. Examples of specific health program investments include increasing the AAS Nursing program in Anchorage, expansion of the paramedic program, and health sciences faculty at Sitka. The request also begins the implementation of the Academic Plan for Health Programs which was adopted in May 2007. The plan is based on developing health education capacity in a way that limits duplication, meets state needs and builds on existing centers of excellence in academic performance.

FY09 Capital Funding – Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Part of the state appropriated funding used to support UA high demand programs is the TVEP funding. This funding is specific to workforce development programs and was provided to UA to offset general fund program requests starting in FY01. The funding source has been particularly valuable as program start-up funding, bridge funding and in meeting equipment and lab needs for programs. Key nursing, allied health and behavioral health program needs have been supported with this funding source since 2001. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source. For example, the UAF Dental Hygiene program startup was funded with TVEP funds in FY08, with ongoing base GF requested as part of UA's FY09 request.

Looking to the Future – The Board of Regents' full FY09 request included a Student Success/Student Demand increment and a Health Sciences Building at UAA that would positively impact future growth in the

number of health degrees awarded. The additional space that would be provided by the Health Sciences building is necessary to continue growing in the health programs. Student Success initiatives would also positively impact performance on this measure through improved retention and graduation rates.

Target #2: A target of 265 degrees awarded in engineering and construction related fields in FY09.
Measure #2: The number of degrees awarded in engineering and construction related fields.

Analysis of results and challenges: The number of engineering and construction degrees awarded in FY07 is up 18 percent from FY05; however, it is down by 6 percent from the FY06 level. The FY09 target of a 33 percent increase from FY07 in the number of engineering and construction degrees awarded is a significant stretch. Construction technology, construction management and project management are the programs with immediate new graduates. The long term goal to meet engineering and construction workforce needs is UA's goal to award 200 baccalaureate degrees in engineering by FY12. This goal will only be achievable with increasing state support.

Currently through the programs offered at UAA and UAF, 80 students can earn undergraduate degrees in engineering each year. Prior to the addition of the UAA general baccalaureate engineering (BSE) program, UAA graduated about 30 students. The current plan is to grow UAA graduates to 90 students in FY12 and grow the UAF graduates from the current 50 students to 110 students in FY12. The number of students entering UA's undergraduate engineering programs reached more than 230 this fall, 130 at UAF and 100 at UAA. This compares to 80 first-time freshmen entering three years ago and 150 last year. Of these students, 46 are UA Scholars nearly three times the number attending last year in this program area.

Funding Impact

Worth noting is the lag between program funding and degree production. This lag is very noticeable in the area of engineering as most degrees are baccalaureate or graduate level.

FY07 Program Increments – Due to the lag in the impact of funding on degrees awarded the FY07 program increments will start taking effect in FY09. UA received an FY07 program increment of $975.0 thousand for Preparing Alaskans for Jobs: Engineering. This increment supported expansion of engineering programs and the Alaska Native Science and Engineering (ANSEP) program. Expected impacts, with continued state support in FY09 and beyond, include a doubling in the number of new engineering baccalaureate graduates by FY12. The new ANSEP building, which opened in October 2006, more than doubled the capacity for the ANSEP program further supporting the growth in engineering. The FY07 increment directly supports UA meeting its FY09 target of a 33 percent increase from FY07 in the number of degrees awarded in engineering

and construction program. Without future state investment in these programs the number of engineering and construction related awards will plateau between FY10 and FY13.

Internal Reallocation – Every year since FY00, UA's Board of Regents has directed reallocation and new funding to high demand job related programs. In only three years since FY00, have legislative state appropriation increases covered fixed costs and provided for some program growth, thus for the other five years, the Board forced internal reallocation to key high job demand areas. This demonstrates focus and alignment to state priorities. In FY08, given the critical and urgent nature of proceeding with high demand programmatic needs, $2.5 million in general funds was reallocated from all campuses. In FY08, $1.0 million in temporary funds were invested in key workforce programs. The impact of reallocations will be noticed most acutely in FY09 and beyond as UA's ability to generate external funding is limited and existing reserves are being exhausted.

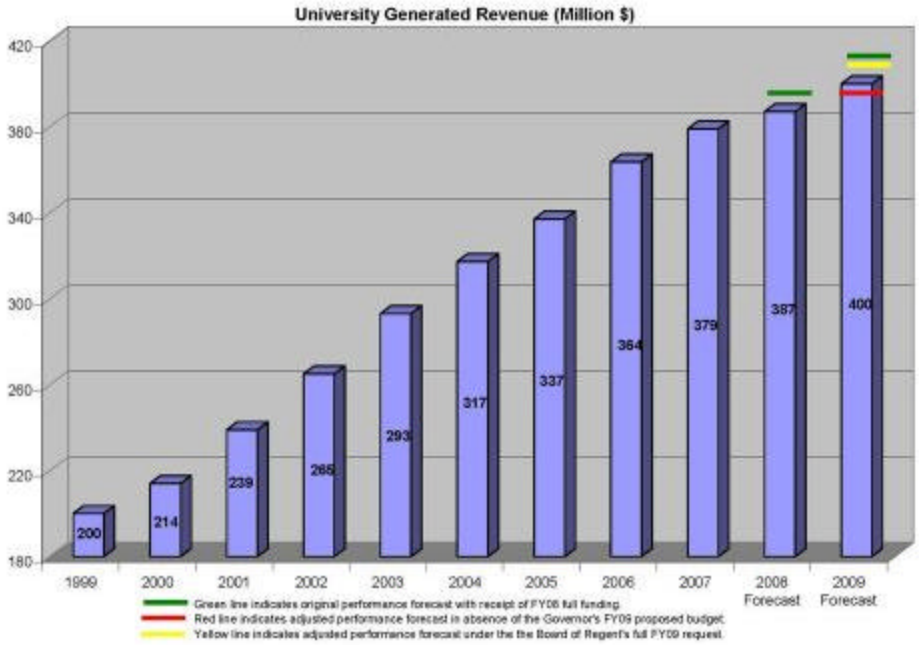
FY09 Operating Funding – Note that due to the lag between funding and degree production this measure will not show the impact of FY09 funding until FY11-FY13. The Governor's FY09 operating budget request includes investments in high demand programs such as engineering and construction. Examples of specific program investments being proposed include additional expansion of the engineering programs in Anchorage and Fairbanks, a pre-engineering 1+3 program at Juneau, and the construction management 2+2 degree program at Anchorage Campus. To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Funding – Sufficient capital funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future – The Board of Regents' full FY09 request included a Student Success/Student Demand increment and planning money for the UAF Engineering, Energy and Technology Building and planning for the UAA Engineering Building Addition. UA plans to double the number of baccalaureate engineering degrees awarded by FY12 and as a consequence space will be at a premium. To achieve this goal additional engineering space will be required. Student Success initiatives would also positively impact performance on this measure through improved retention and graduation rates.

B: Result - Generate a significant amount of revenue from sources other than the State of Alaska, such as federal revenue, tuition and fees and university receipts.

Target #1: A target of $400 million in university and federal receipts in FY09.
Measure #1: The amount of revenue the University of Alaska receives from external sources such as federal, tuition and fees, and university receipts.



Analysis of results and challenges: University generated revenue increased 4 percent ($15 million) from FY06 to FY07, falling short of the target increase of 5 percent. The average increase in university generated funds from FY02 to FY07 has been 8.6 percent per year. The FY08 and FY09 forecasted targets, equivalent to annual 2.8 percent increases, are less than the minimum growth needed in order to meet current anticipated fixed cost increases.

Growth in university generated revenue is expected to be moderate due to modest increases in tuition revenue and growing development efforts mitigated by a declining federal funding environment, as well as the phase-out of several major external, temporary funding sources such as the Denali Commission Funding.

The Governor's approved FY09 budget request includes compensation, fixed costs, health, engineering and climate change research funding. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated level in absence of the Governor's approved FY09 budget request.

Funding Impact:

FY07 Program Increments

UA received a program increment in FY07 of $4.2 million for Preparing Alaskans for Jobs and Continuing Programs in State Needs. This supported: expansion of engineering programs; the Alaska Native Science and Engineering (ANSEP) program; programs in construction and mining technology; vocational education; teacher and early childhood education programs; distance delivery of high demand job area programs; nursing, behavioral health and allied health programs.

UA received a legislative appropriation of state funding in FY07 of $1 million toward the requested $6 million Competitive University Research Investment increment. This provided direct support for: UA's joint psychology PhD and bio-medical research development; and Geographic Information Network of Alaska (GINA).

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Additional, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY) that are anticipated to have far-reaching, long-term, positive impact on UA research competitiveness, including: hiring 13 post-doctoral researchers in key Alaska related research areas; and the Scenarios Network for Alaska Planning (SNAP) to develop global warming scenarios.

Internal Reallocations

In only three of the last nine years, (FY01, FY02 and FY07) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. The funding UA received from state appropriations in FY08 was $1.6 million less than UA's compensation and fixed costs increases and did not provide funding for key programs. However, given the critical and urgent nature of proceeding with programmatic needs, $2.5 million general fund was reallocated to the highest priory programs in FY08, such as health, engineering, construction, mining, and geography.

FY09 Program Increment Requests

Below are details on the increments included in the Governor's approved FY09 operating request related to performance on this measure.

Preparing Alaskans for Jobs

- Health - This request is representative of significant health program needs across the system and includes an array of high-demand fields with proven success: allied health, behavioral health, nursing, primary care and public health, as well as multi-disciplinary efforts at the full range of academic levels from certificate through graduate. Most of the programs are centered in Anchorage and are designed to serve students across the state (multi-MAU). Examples of requests include: Increasing the AAS Nursing Program in Anchorage; WWAMI Expansion Support Costs; Community Health Aid teaching and community support; Dental Hygiene Expansion at UAA CTC; and Health Sciences faculty at UAS.

- Engineering and Construction Management – This request provides support for expansion of existing engineering and construction program capacity to meet overwhelming industry demand for Alaska-trained workers in these fields and high student demand for additional slots in UA programs. Major program elements include resources needed to continue the program expansion necessary to double the number of undergraduate engineers graduating annually. Requests include support for additional engineering faculty at UAA including expansion of the BSE, civil engineering, transportation and geomatics; faculty and staff support for UAA Construction Management; mining industry training needs for construction/operations staff, heavy-duty equipment mechanics, millwrights, and roustabouts at UAS; pre-Engineering 1+3 program at UAS as a feeder to existing UAA and UAF programs; support faculty, staff and graduate assistants for UAF engineering programs.

The FY09 Climate Impact and Alaska's Natural Resources increment request will provide the necessary resources to help grow performance on this measure. Without increases in base support new faculty cannot be hired. Current UA research faculty on average bring in over $600,000 in external research revenue to the state, well in excess of the national average and as a consequence are unable take on additional grants in their workloads. This increment will fund ISER economist faculty at UAA and Climate Change research at UAF. This funding will be leveraged to take advantage of global, national, and state attention that will be focused on change in the Arctic and circumpolar northern regions during the International Polar Year (IPY, 2007-2008).

This increment is expected to generate significant growth in research grant awards over the long term. This request prepares UA to become a center for climate adaptation research for the state in anticipation of the passage of a Federal bill that will fund climate change research in Alaska. The funds will foster a broader and more collaborative research program with a strongly applied focus that addresses such issues as coastal erosion, engineering against permafrost degradation, drought induced deforestation, and climate impact on marine resources.

FY09 Fixed Costs Requests

To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Requests

Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future

The Board of Regents' full FY09 operating request included increments for Fisheries; Engineering, Transportation, and Energy research; Biomedical and Health research; Enhancing Competitive Research; Student Success/Student Demand; and a Cooperative Extension, Public Service and Outreach. The Board of Regents' full FY09 capital request included facilities necessary to support continued program and research such as planning for the UAF Engineering, Energy and Technology Building, planning for the UAA Engineering Building Addition, the UAA Health Sciences building, the UAF Biosciences facility and the Alaska Regional Research Vessel Dock and Marine Center Facilities.

Student Success initiatives would grow tuition revenue through increased student credit hour production due to improved retention and graduation rates. Funding for the Fisheries program will impact this measure via enrollment growth and thus an increase in tuition revenue. Charitable gifts, which are often generated through community outreach and public service, positively impact this measure through distributions to UA operations. Community outreach seeks to inform potential partners about developing university programs and their relevance to Alaska and beyond. Community outreach enables UA to communicate and interact with external audiences regarding matters of strategic importance to the university and its constituents.

Even with operating budget investments, the University of Alaska is struggling with space constraints for both programs and research. In order to continue strong growth in the number of students enrolled in key programs the issues of facility capacity for key program areas will need to be addressed. The Health Sciences building would provide the additional space necessary to continue growing in the health programs. UA plans to double the number of baccalaureate engineering degrees awarded by FY12. To achieve this goal funding for additional space will be required. The Biosciences facility will provide critical instructional classrooms for life sciences such as bio-medical research and pre-medicine/veterinary, wildlife biology, physiology, ecosystem and global change science, evolutionary biology, and population genetics.

The strong growth in research that UAF has experienced in recent years came on the heels of major investments in research space. That space is now filled to capacity and the older facilities are in need of upgrades to remain competitive. Future growth in research and indirect cost recovery is not possible without additional space. Future investments in information technology requirements including connectivity will need to be made in order for UA to remain competitive. Preparation including docking facilities will need to be made to support the Alaska Regional Research Vessel coming online.

The University, through its urban and rural campuses, is the State of Alaska's primary source of higher education and workforce development and, as such, remains a high priority for the State. The university, through its entrepreneurial practices, has the ability to leverage the State's investment to generate additional revenue through student tuition, research grants, and other service opportunities. The continued success and expansion of this leverage ability is crucial to university growth. However, student, business partner and

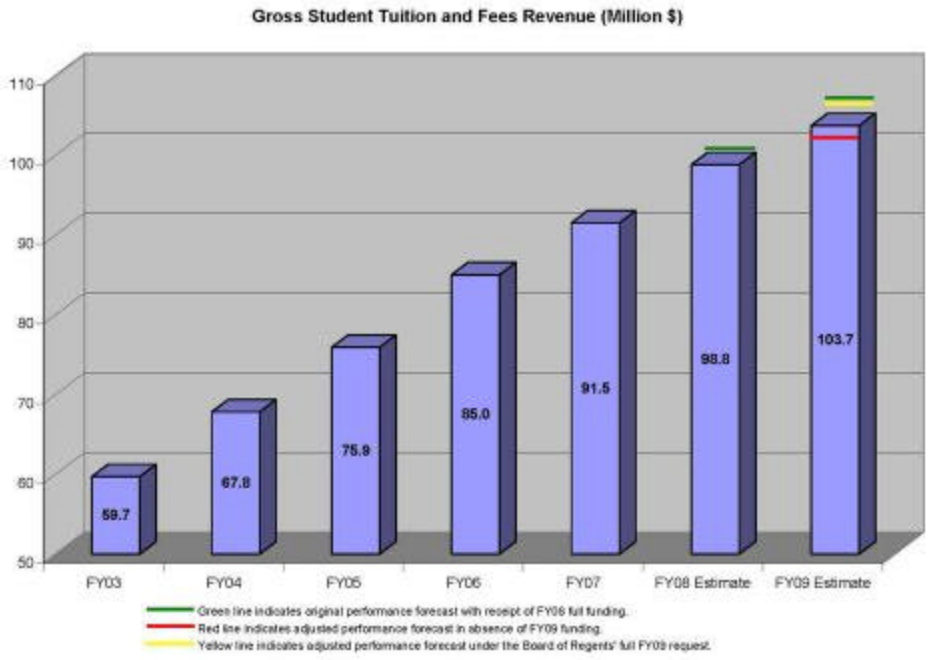
federal agency confidence in UA is inextricably linked to the State's continued investment in UA. The University of Alaska is constantly looking for new opportunities to ensure maximum leveraging of state appropriations.

University-generated revenue includes the following revenue categories: University Receipts (Interest Income, Auxiliary Receipts, Gross Tuition/Fees, Indirect Cost Recovery, and University Receipts), Federal Receipts, CIP Receipts, and State Inter-Agency Receipts. University generated revenue does not include UA Intra-Agency Receipts, which are duplicated.

B1: Strategy - Greater revenue generation from tuition and fees.

Target #1: Increase revenue the University of Alaska receives from student tuition and fees to $103.7 million in FY09.

Measure #1: The amount of revenue the University of Alaska receives from student tuition and fees.



Analysis of results and challenges: In FY07, UA generated $91.5 million in gross student tuition and fees revenue. This FY07 performance represented an increase of 7.2 percent from FY06. This performance came in below the FY07 target increase of 9 percent. UA has a target increase in student tuition and fees revenue growth of 8 percent in FY08 and another 5 percent in FY09. The target for FY09, although shown as a forecast, is based on full funding of the Governor's approved FY09 operating and capital requests. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated performance level without full funding.

The majority of near-term growth in student tuition and fees revenue is anticipated to be a result of tuition increases with enrollment growth also contributing to a lesser extent. Student tuition and fees revenue is driven by the tuition rate and SCH generated. Preliminary numbers for FY08 show SCH production flat to slightly decreasing from FY07. UA implemented annual 10 percent tuition rate increases FY04 to FY07. For FY08, the tuition rate increase was 7 percent and for FY09 and FY10 a 5 percent annual tuition increase has been approved. Recent tuition increases have brought UA even with other Western institution tuition costs. In FY99 student tuition and fees generated $48.7 million, and in FY07 gross student tuition and fees generated $91.5 million.

Funding Impact

FY09 Operating Funding – The Governor's approved FY09 program increases will impact this measure via

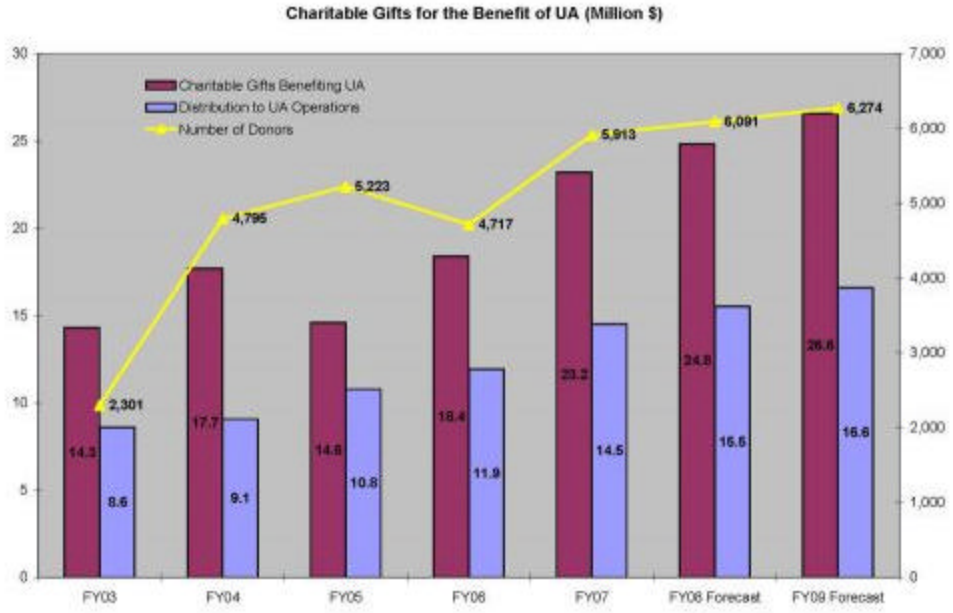
enrollment growth and thus an increase in tuition revenue. To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Funding – Sufficient capital funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive for research grant funding and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future – All investments that increase student credit hours positively impact this measure through increased tuition revenue. The Board of Regents' full FY09 request included a Student Success/Student Demand increment, a Fisheries increment, planning for the UAF Engineering, Energy and Technology Building, planning for the UAA Engineering Building Addition, and additional classroom space through the UAA Health Sciences building and the UAF Biosciences facility. Student Success initiatives would grow tuition revenue through increased student credit hour production due to improved retention and graduation rates.

UA's status as a research university helps attract and retain high caliber students. To continue to attract and retain these students it is important for UA to maintain relevant research. The Board of Regents' full FY09 request included operating increments for Engineering, Transportation, and Energy research; Biomedical and Health research; and Enhancing Competitive Research. The Board of Regents' full FY09 capital request included the BioSciences (BioS) facility, OIT Broadband Internet Connectivity funding, and the Alaska Regional Research Vessel Dock and Marine Center Facilities. Even with operating budget investments, the University of Alaska is struggling with space constraints. The strong growth in research that UAF has experienced in recent years came on the heels of major investments in research space. That space is now filled to capacity and the older facilities are in need of upgrades to remain competitive.

Target #2: Increase Charitable Gifts benefiting UA to $26.6 million in FY09.
Measure #2: The dollar value of charitable gifts and charitable gift commitments benefiting UA.



Analysis of results and challenges: As seen in the table above, when overall charitable giving increases distributions to the university tend to increase. From FY03 to FY07 charitable gifts have increased 64 percent. Over that same period of time distributions to the university grew 104 percent. UA's FY09 target is that of a 14 percent increase over the current FY07 levels. Fundraising priorities are established from MAU strategic plans which are approved by the Board of Regents and are aligned with the University of Alaska's overall strategic plan. Restructuring the UA Foundation and implementing a gift fee structure has allowed the

UA Foundation to support much of UA's increased fundraising efforts. The results have been very positive with significant increases in both the number of donors and the overall donation amounts. Fundraising costs are moderate at 15 cents per dollar raised.

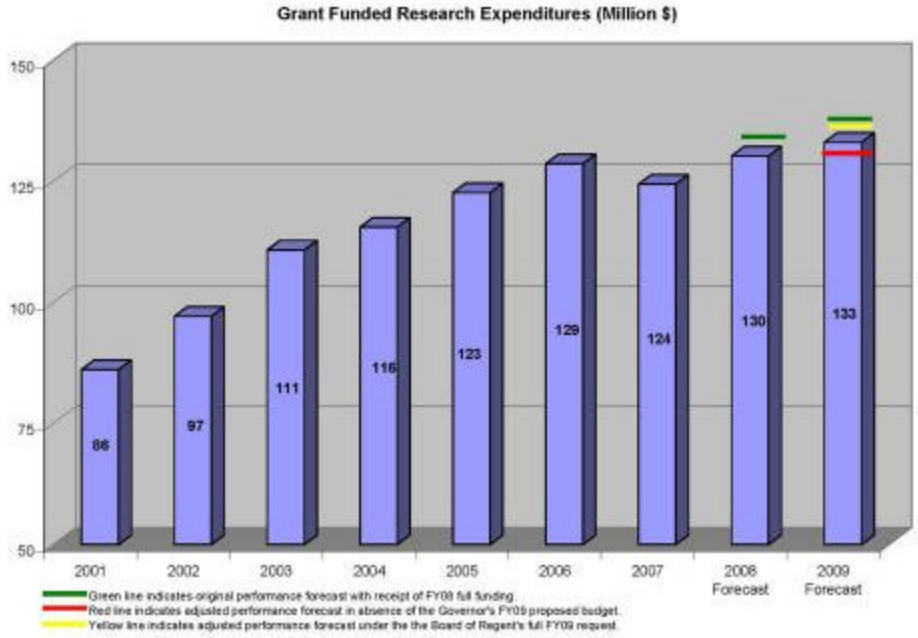
Funding Impact

Private support can provide the margin of excellence for which state funding may not be available. University of Alaska statewide employees contributed at a rate of 63 percent in FY07 during the UA Statewide Staff Campaign. Typically, faculty and staff giving range from 14 percent to 17 percent nationally. In FY07, UA received a record amount in charitable gifts and this was primarily due to the record number of donors contributing such gifts. The university will continue to work on Alumni relations and other development improvements that have proven incredibly successful thus far.

Looking to the Future – The Board of Regents' full FY09 request included a Cooperative Extension, Public Service and Outreach increment. Community outreach seeks to inform potential partners about developing university programs and their relevance to Alaska and beyond. Community outreach enables UA to communicate and interact with external audiences regarding matters of strategic importance to the university and its constituents.

C: Result - Increased level of competitive research activity.

Target #1: A target of $133 million in grant funded expenditures in FY09.
Measure #1: The amount of grant funded research expenditures.



Analysis of results and challenges: Restricted research expenditures decreased by 3.3 percent (-$4.2 million) compared to FY06, the first decrease in recent history. The FY07 target for this measure was equivalent to an 8.2 percent increase. From FY01 to FY07, grant funded research expenditures increased by an average of 7 percent annually across the system.

The Governor's approved FY09 budget request includes compensation, fixed costs, health, engineering and climate change research funding. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated level in absence of the Governor's approved FY09 budget request. A number of factors contributed to a drop in performance during FY07 and left unmitigated, will diminish expected future growth on this performance measure.

For example, as a result of not receiving capital funding for research facilities, UA's Indirect Cost Recovery

(ICR) rate has declined; UA will collect less for sponsored program administration. This is estimated to have a negative impact of about $1.5 million on this performance measure in FY08.

The strong growth in research that UAF has experienced in recent years came on the heels of major investments in research space. That space is now filled to capacity and the older facilities are in need of upgrades to remain competitive. Future growth in research and indirect cost recovery is not possible without additional space. Expected gains in climate change and energy related research revenue will be offset from declines in other areas that will have space and general funding reallocated from them.

These factors, coupled with the difficult federal funding environment for research, make state investment a requirement for further progress on this performance measure.

Funding Impact:

FY07 Program Increments

UA received a legislative appropriation of state funding in FY07 of $1 million toward the requested $6 million Competitive University Research Investment increment. This provided direct support for: UA's joint psychology PhD and bio-medical research development; and Geographic Information Network of Alaska (GINA).

Additional, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY) that are anticipated to have far-reaching, long-term, positive impact on UA research competitiveness, including: hiring 13 post-doctoral researchers in key Alaska related research areas; and the Scenarios Network for Alaska Planning (SNAP) to develop global warming scenarios.

Internal Reallocations

In only three of the last nine years, (FY01, FY02 and FY07) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. Internal efforts have been focused on research, however due to funding shortfalls and reallocations in FY08, only modest temporary resources were directed to address critical short term needs in biomedical and engineering research.

FY09 Program Increment Requests

Below are details on the increments included in the Governor's approved FY09 operating request related to performance on this measure.

The FY09 Climate Impact and Alaska's Natural Resources increment request will provide the necessary resources to help grow performance on this measure. Without increases in base support new faculty cannot be hired. Current UA research faculty on average bring in over $600,000 in external research revenue to the state, well in excess of the national average and as a consequence are unable take on additional grants in their workloads. This increment will fund ISER economist faculty at UAA and Climate Change research at UAF. This funding will be leveraged to take advantage of global, national, and state attention that will be focused on change in the Arctic and circumpolar northern regions during the International Polar Year (IPY, 2007-2008).

This increment is expected to generate significant growth in research grant awards over the long term. This request prepares UA to become a center for climate adaptation research for the state in anticipation of the passage of a Federal bill that will fund climate change research in Alaska. The funds will foster a broader and more collaborative research program with a strongly applied focus that addresses such issues as coastal erosion, engineering against permafrost degradation, drought induced deforestation, and climate impact on marine resources.

FY09 Fixed Costs Requests

To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09

operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Requests

Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future

The Board of Regents' full FY09 request included operating increments for Engineering, Transportation, and Energy research, for Biomedical and Health research and for Enhancing Competitive Research. The Board of Regents' full FY09 capital request included the BioSciences (BioS) facility, OIT Broadband Internet Connectivity funding, and the Alaska Regional Research Vessel Dock and Marine Center Facilities.

Even with operating budget investments, the University of Alaska is struggling with space constraints. The strong growth in research that UAF has experienced in recent years came on the heels of major investments in research space. That space is now filled to capacity and the older facilities are in need of upgrades to remain competitive. Future growth in research and indirect cost recovery is not possible without additional space. Expected gains in climate change and energy related research revenue will be offset from declines in other areas that will have space and general funding reallocated from them.

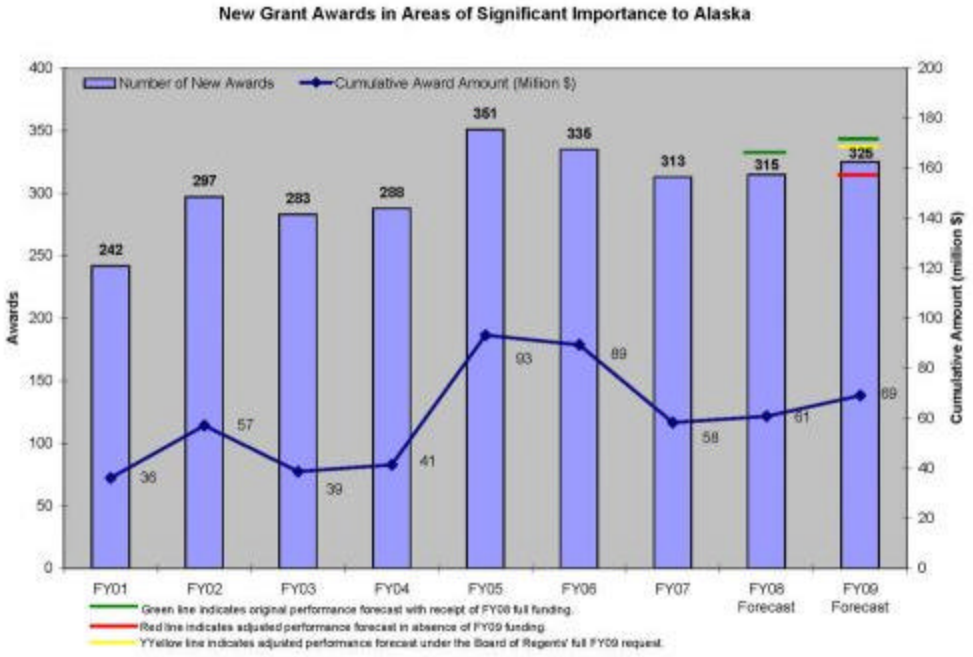
Future investments in information technology requirements including connectivity will need to be made in order for UA to remain competitive. Preparation including docking facilities will need to be made to support the Alaska Regional Research Vessel coming online. The Biosciences facility will provide critical research lab space and instructional classrooms for life sciences such as bio-medical research and pre-medicine/veterinary, wildlife biology, physiology, ecosystem and global change science, evolutionary biology, and population genetics.

Research at the University of Alaska is a critical component in the delivery of programs and services that are of value now and to the future of Alaska. UA success in achieving its goals and objectives is depended upon consistent external and internal research funding. In addressing these funding realities, UA aggressively seeks new opportunities with federal, state and private agencies to ensure continuing capability of research programs in areas aligning UA, MAU, and campus research priorities.

C1: Strategy - Increased research activity in areas of importance to the State of Alaska.

Target #1: Increase number of new research grants awarded in areas of importance to the State of Alaska: health/biomedical, climate change, resource development, fisheries and ocean science, logistics, geosciences, and atmospheric sciences to 325 in FY09.

Measure #1: Number of new research grants awarded in areas of importance to the State of Alaska: health/biomedical, climate change, resource development, fisheries and ocean science, logistics, geosciences, and atmospheric sciences.



Analysis of results and challenges: The number of new research grant awards in areas of significant importance to Alaska (ASIA) has increased 29 percent since FY01 and the cumulative, multi-year award amount has increased 61 percent. Both of these numbers are down from FY06 and fell below the UA FY07 target of 348 new awards, or a 4 percent increase. The target for FY09, although shown as a forecast, is based on full funding of the Governor's approved FY09 operating and capital requests. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated performance level without full funding.

Funding Impact

FY07 Federal Funding – Although the vast majority of UA's research funding is competitively awarded, reductions in earmarks nationwide resulting from congressional opposition to Federal appropriations after the mid-term elections and heightened concerns over the Federal budget eliminated or greatly reduced funding for several key research programs in FY07 (e.g. Alaska Volcano Observatory). Funding agencies experienced at best modest increases in their budgets. NIH, a critically important agency upon which the university's fledgling biomedical program depends, received a budget increase that did not keep up with inflation.

FY07 State Funding – UA received a program increment of $1 million in FY07 toward the phased Competitive University Research Investment. This provided direct support for: UA's joint psychology PhD and bio-medical research development; and Geographic Information Network of Alaska (GINA). This investment helped mitigate the change in the Federal funding climate, as did additional private funding dedicated to hiring 13 post-doctoral researchers in key Alaska related research areas. These 13 post-doctoral researchers are anticipated to have a far-reaching, long-term, positive impact on UA's research competitiveness.

Internal Reallocation – Every year since FY00, UA's Board of Regents has directed reallocation and new

funding to high demand job related programs. In only three years since FY00, have legislative state appropriation increases covered fixed costs and provided for some program growth, thus for the other five years, the Board forced internal reallocation to key high job demand areas. This demonstrates focus and alignment to state priorities. In FY08, given the critical and urgent nature of proceeding with high demand programmatic needs, $2.5 million in general funds was reallocated from all campuses. In FY08, $1.0 million in temporary funds were invested in key workforce programs. The impact of reallocations will be noticed most acutely in FY09 and beyond as UA's ability to generate external funding is limited and existing reserves are being exhausted.

FY09 Operating Funding – The FY09 Climate Impact and Alaska's Natural Resources increment request will provide the necessary resources to help grow performance on this measure. Without increases in base support new faculty cannot be hired. Current UA research faculty on average bring in over $600,000 in external research revenue to the state, well in excess of the national average and as a consequence are unable take on additional grants in their workloads. This increment will fund ISER economist faculty at UAA and Climate Change research at UAF. This funding will be leveraged to take advantage of global, national, and state attention that will be focused on change in the Arctic and circumpolar northern regions during the International Polar Year (IPY, 2007-2008).

This increment is expected to generate significant growth in research grant awards over the long term. This request prepares UA to become a center for climate adaptation research for the state in anticipation of the passage of a Federal bill that will fund climate change research in Alaska. The funds will foster a broader and more collaborative research program with a strongly applied focus that addresses such issues as coastal erosion, engineering against permafrost degradation, drought induced deforestation, and climate impact on marine resources.

FY09 Capital Funding – Sufficient capital funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive for research grant funding it is important to keep our buildings and equipment competitive.

Looking to the Future – The Board of Regents' full FY09 request included operating increments for Engineering, Transportation, and Energy research, for Biomedical and Health research and for Enhancing Competitive Research. The Board of Regents' full FY09 capital request included the BioSciences (BioS) facility, OIT Broadband Internet Connectivity funding, and the Alaska Regional Research Vessel Dock and Marine Center Facilities.

Even with operating budget investments, the University of Alaska is struggling with space constraints. The strong growth in research that UAF has experienced in recent years came on the heels of major investments in research space. That space is now filled to capacity and the older facilities are in need of upgrades to remain competitive. Future growth in research and indirect cost recovery is not possible without additional space. Expected gains in climate change and energy related research revenue will be offset from declines in other areas that will have space and general funding reallocated from them.

Future investments in information technology requirements including connectivity will need to be made in order for UA to remain competitive. Preparation including docking facilities will need to be made to support the Alaska Regional Research Vessel coming online. The Biosciences facility will provide critical research lab space and instructional classrooms for life sciences such as bio-medical research and pre-medicine/veterinary, wildlife biology, physiology, ecosystem and global change science, evolutionary biology, and population genetics.

Research at the University of Alaska is a critical component in the delivery of programs and services that are of value for Alaska, now and in the future. The total economic effect of university research can be measured by the number of jobs supported, total payroll produced, and business sales generated within the state by research dollars. In 2006 nearly 2,400 jobs could be traced back to university research spending. Of this total, 1,292 jobs were within the university—faculty, staff, student assistants, and others—and 1,100 were in a broad range of private businesses scattered throughout the state—in industries like construction, transportation, wholesale and retail trade, and services. At UA, research activity leverages every dollar from the state with $6.4 of external funding in FY07. UA success in achieving its goals and objectives is dependent upon consistent external and internal research funding. In addressing these funding realities, UA

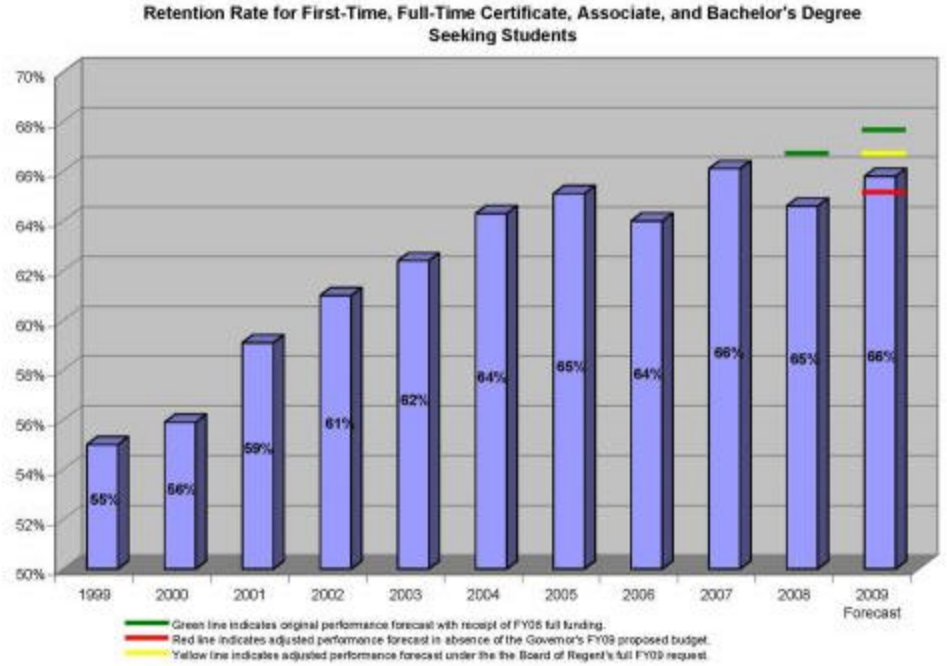
aggressively seeks new opportunities with federal, state and private agencies to ensure continuing capability of research programs in areas aligning state, UA and campus research priorities.

The University of Alaska conducts research in several areas important to the state and carries out the bulk of Research and Development (R&D) activity in Alaska. Nationally, universities average only 15 percent of the R&D (NSF, National Patterns of R&D Resources: Data Update 2006). In Alaska, however, 54 percent of the state's R&D effort is carried out by UA. This may be explained by the lack of a mature manufacturing industry base in Alaska and the tendency for industry R&D efforts to be largely conducted out-of-state (oil and tourism, for example). Comparatively, Alaska conducts very little R&D, investing only 0.8 percent of its gross state product in research compared with 2.4 percent for other states (http://www.nsf.gov/statistics/nsf07331/pdf/tab10.pdf). Alaska must invest strongly in R&D for future economic development and UA is the engine to fuel state R&D.

D: Result - Increased retention of students in university degree programs.

Target #1: A target 66% retention rate for first-time full-time students in undergraduate and certificate programs in FY09.

Measure #1: Retention rate for first-time full-time students in undergraduate degree and certificate programs.



Analysis of results and challenges: In FY07 the undergraduate retention rate at UA reached an all time high at 66 percent retention. This represents a 10 percentage point (18 percent) increase since FY99. Recent information indicates that, in FY08, undergraduate retention fell to 64.6 percent, 1.5 percentage points below the FY07 performance level and 3.4 percentage points below the FY08 target. However, undergraduate retention rates fluctuate from year to year. UA undergraduate retention rates dropped to 64.1 percent in FY06, from 65.4 percent in FY05, only to climb to an all time high in FY07. Therefore, UA is optimistic about achieving its undergraduate retention target for FY09 of 66 percent and will be monitoring progress closely.

The Governor's approved FY09 budget request includes compensation, fixed costs, health, engineering and climate change research funding. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated level in absence of the Governor's approved FY09 budget request.

Funding Impact:

FY07 Program Increments

UA received a program increment in FY07 of $4.2 million for Preparing Alaskans for Jobs and Continuing Programs in State Needs. This supported: expansion of engineering programs; the Alaska Native Science and Engineering (ANSEP) program; programs in construction and mining technology; vocational education; teacher and early childhood education programs; distance delivery of high demand job area programs; nursing, behavioral health and allied health programs.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in meeting equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only three of the last nine years, (FY01, FY02 and FY07) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. Internal efforts have been focused on undergraduate retention, however due to funding shortfalls and reallocations in FY08, no additional resources were directed to this area.

FY09 Program Increment Requests

Below are details on the increments included in the Governor's approved FY09 operating request related to performance on this measure.

Preparing Alaskans for Jobs

- Health - This request is representative of significant health program needs across the system and includes an array of high-demand fields with proven success: allied health, behavioral health, nursing, primary care and public health, as well as multi-disciplinary efforts at the full range of academic levels from certificate through graduate. Most of the programs are centered in Anchorage and are designed to serve students across the state (multi-MAU). Examples of requests include: Increasing the AAS Nursing Program in Anchorage; WWAMI Expansion Support Costs; Community Health Aid teaching and community support; Dental Hygiene Expansion at UAA CTC; and Health Sciences faculty at UAS.

- Engineering and Construction Management – This request provides support for expansion of existing engineering and construction program capacity to meet overwhelming industry demand for Alaska-trained workers in these fields and high student demand for additional slots in UA programs. Major program elements include resources needed to continue the program expansion necessary to double the number of undergraduate engineers graduating annually. Requests include support for additional engineering faculty at UAA including expansion of the BSE, civil engineering, transportation and geomatics; faculty and staff support for UAA Construction Management; mining industry training needs for construction/operations staff, heavy-duty equipment mechanics, millwrights, and roustabouts at UAS; pre-Engineering 1+3 program at UAS as a feeder to existing UAA and UAF programs; support faculty, staff and graduate assistants for UAF engineering programs.

UA's status as a research university helps attract and retain high caliber students. To continue to attract and retain these students it is important for UA to maintain relevant research. The FY09 Climate Impact and Alaska's Natural Resources increment request will provide increases in base support necessary to hire new faculty.

FY09 Fixed Costs Request

To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Requests

Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future

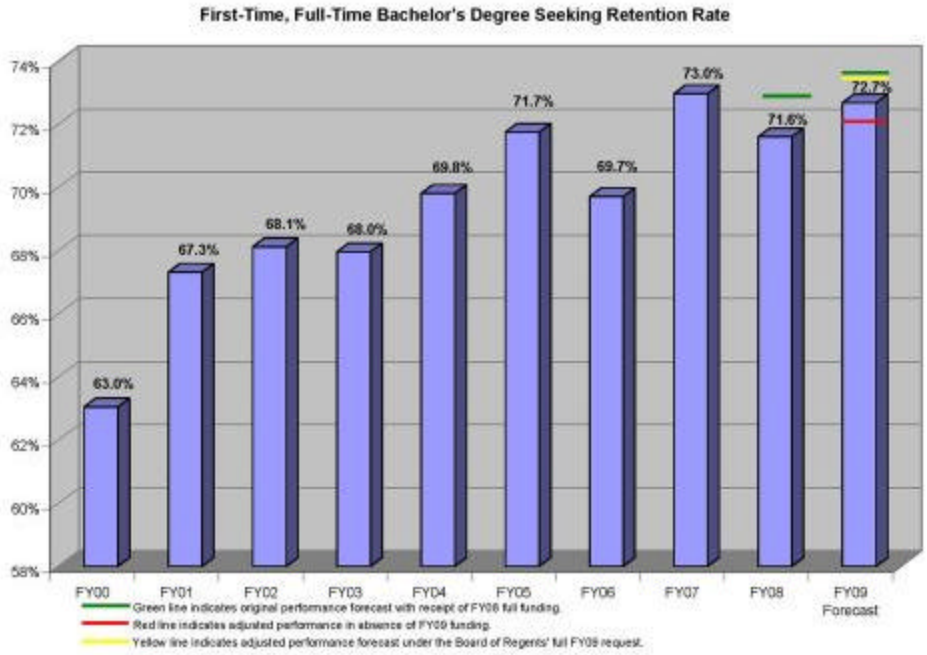
The Board of Regents' full FY09 request included a Student Success/Student Demand increment. Of specific importance in this area is the development of college preparedness initiatives. Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. There are two societal forces building this momentum. First, high school exit exams measure only 9th and 10th grade level basic competency, not the skills and knowledge needed to succeed for a career or college. Second, the job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term. Specifically, UA is encouraged by K-12 and DoL implementation plans for WorkKeys. In the long term, this may be a tool to bridge expectations and preparation for college success.

The Board of Regents' full FY09 request included other increments that would also improve retention such a Fisheries increment, and capital requests including planning for the UAF Engineering, Energy and Technology Building, planning for the UAA Engineering Building Addition, and additional classroom space through the UAA Health Sciences building and the UAF Biosciences facility to meet capacity requirements in support of future program growth.

Retention rate is defined as the percentage of first-time students in a given term that return to the institution the following fall.

D1: Strategy - Higher retention rate for specific groups of first-time, full-time freshmen.

Target #1: Increase the retention rate for first-time, full-time baccalaureate students to 72.7 percent by FY09.
Measure #1: The retention rate for first-time, full-time baccalaureate students.



Analysis of results and challenges: UA first-time full-time baccalaureate degree seeking student retention

in FY07 was 73 percent up 3 percentage points from the FY06 level of 70 percent. Retention rates for Bachelor's degree seeking students have risen 10 percentage points (15.9%) since FY00, reaching an all time high in FY07. FY08 first-time full-time baccalaureate degree seeking student retention is 72 percent. This performance is 2 percentage points below the FY08 target of retaining 74 percent, this performance remains above the national average of institutions with similar, less selective, admissions standards.

Retention rates can vary from year to year; rates dropped to 70 percent in FY06 from 72 percent in FY05 only to climb to an all time high in FY07. Therefore, UA is optimistic about achieving its first-time full-time baccalaureate degree seeking retention target for FY09. UA has improved significantly on this measure and hopes to continue to do so. The target growth of 1.1 percentage points for FY09 is based on full funding of the Governor's approved FY09 operating and capital requests. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated performance level without full funding.

Funding Impact

FY09 Operating Funding – Program funding provided in the Governor's approved FY09 budget request will help improve performance on this measure. By increasing capacity in areas of high student demand and thus retaining the students who might go elsewhere or simply not take courses when space is unavailable.

FY09 Capital Funding – Sufficient capital funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

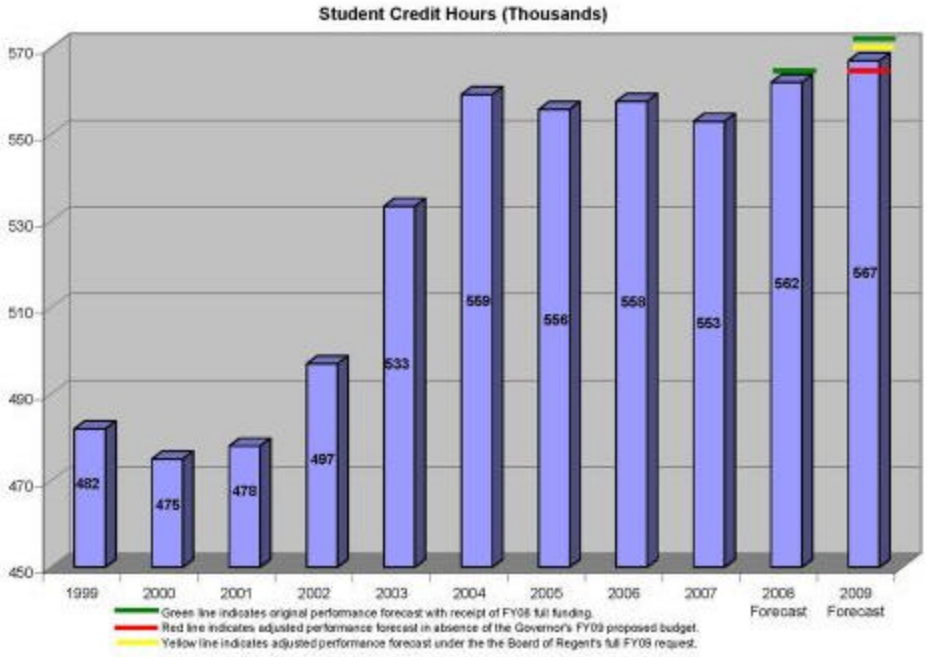
Looking to the Future – The Board of Regents' full FY09 request included a Student Success/Student Demand increment. Of specific importance in this area is the development of college preparedness initiatives. Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. There are two societal forces building this momentum. First, high school exit exams measure only 9th and 10th grade level basic competency, not the skills and knowledge needed to succeed for a career or college. Second, the job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term. Specifically, UA is encouraged by K-12 and DoL implementation plans for WorkKeys. In the long term, this may be a tool to bridge expectations and preparation for college success.

A National Center for Education Statistics report (August 2001) found that the strongest predictor of retention and degree attainment was the academic preparation from high school. UA's student success strategy and investment will be heavily targeted to this factor. Nationally, in general, the retention rate to the second year has been decreasing. The university participates in the Consortium for Student Retention Data Exchange (CSRDE), a national survey which tracks the retention of first-time full-time baccalaureate degree-seeking freshmen from fall to fall. In the most recent CSRDE survey (May 2006) 118 institutions described as less selective (indicating open admissions and high part-time enrollment) had an average retention rate FY00-FY06 of 69.2 percent, specifically in FY06 the average retention for these institutions was 68.5 percent.

Retention rate is defined as the percentage of students in a given term that return to the institution the following fall.

E: Result - Greater level of student credit hour (SCH) enrollment.

Target #1: A target of a 567,000 Student Credit Hours (SCH) attempted in FY09.
Measure #1: The number of SCH attempted.



Analysis of results and challenges: UA's SCH generation has grown 15 percent from FY99 to FY07, equivalent to an average increase of more than 8,875 SCH per year. In FY07, UA's target increase for student credit hour production was 1 percent (5,500 SCH) over the FY06 level; however final student credit hour production for FY07 fell almost 1 percent (-5,000 SCH) below the FY06 level. This is due in part to better employment opportunities being available to potential students in some areas of the state.

The Governor's approved FY09 budget request includes compensation, fixed costs, health, engineering and climate change research funding. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated level in absence of the Governor's approved FY09 budget request.

It is important to note that while overall enrollment is relatively flat, enrollment in high demand job area programs continues to be strong, increasing by 1.6 percent (4,680 SCH) in FY07 and 31.1 percent (67,001 SCH) over the last five years. Students are enrolling in programs most aligned to the workforce needs of the state. Overall, early FY08 estimates indicate that UA's student credit hour production will decrease slightly from FY07 levels. The targets for FY08 and FY09 represented in the above chart are based on proposed median MAU targets.

Funding Impact:

FY07 Program Increments

UA received a program increment in FY07 of $4.2 million for Preparing Alaskans for Jobs and Continuing Programs in State Needs. This supported: expansion of engineering programs; the Alaska Native Science and Engineering (ANSEP) program; programs in construction and mining technology; vocational education; teacher and early childhood education programs; distance delivery of high demand job area programs; nursing, behavioral health and allied health programs.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in meeting equipment and lab needs necessary to meet industry

standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to the long term funding source.

Internal Reallocations

In only three of the last nine years, (FY01, FY02 and FY07) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases and allow for state funded program growth. Internal efforts have been focused on student enrollment, however due to funding shortfalls and reallocations in FY08, no additional resources were directed to this area.

FY09 Program Increment Requests

Below are details on the increments included in the Governor's approved FY09 operating request related to performance on this measure.

Preparing Alaskans for Jobs

- Health - This request is representative of significant health program needs across the system and includes an array of high-demand fields with proven success: allied health, behavioral health, nursing, primary care and public health, as well as multi-disciplinary efforts at the full range of academic levels from certificate through graduate. Most of the programs are centered in Anchorage and are designed to serve students across the state (multi-MAU). Examples of requests include: Increasing the AAS Nursing Program in Anchorage; WWAMI Expansion Support Costs; Community Health Aid teaching and community support; Dental Hygiene Expansion at UAA CTC; and Health Sciences faculty at UAS.

- Engineering and Construction Management – This request provides support for expansion of existing engineering and construction program capacity to meet overwhelming industry demand for Alaska-trained workers in these fields and high student demand for additional slots in UA programs. Major program elements include resources needed to continue the program expansion necessary to double the number of undergraduate engineers graduating annually. Requests include support for additional engineering faculty at UAA including expansion of the BSE, civil engineering, transportation and geomatics; faculty and staff support for UAA Construction Management; mining industry training needs for construction/operations staff, heavy-duty equipment mechanics, millwrights, and roustabouts at UAS; pre-Engineering 1+3 program at UAS as a feeder to existing UAA and UAF programs; support faculty, staff and graduate assistants for UAF engineering programs.

UA's status as a research university helps attract and retain high caliber students. To continue to attract and retain these students it is important for UA to maintain relevant research. The FY09 Climate Impact and Alaska's Natural Resources increment request will provide increases in base support necessary to hire new faculty.

FY09 Fixed Costs Requests

To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Requests

Sufficient funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and attract and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future

The Board of Regents' full FY09 request included a Student Success/Student Demand increment, a Fisheries

increment, planning for the UAF Engineering, Energy and Technology Building, planning for the UAA Engineering Building Addition, and additional classroom space through the UAA Health Sciences building and the UAF Biosciences facility. Student Success initiatives would positively impact performance on this measure through improved retention and graduation rates. Also, to improve the university's ability to respond to state needs, funding for fisheries will be needed in the future.

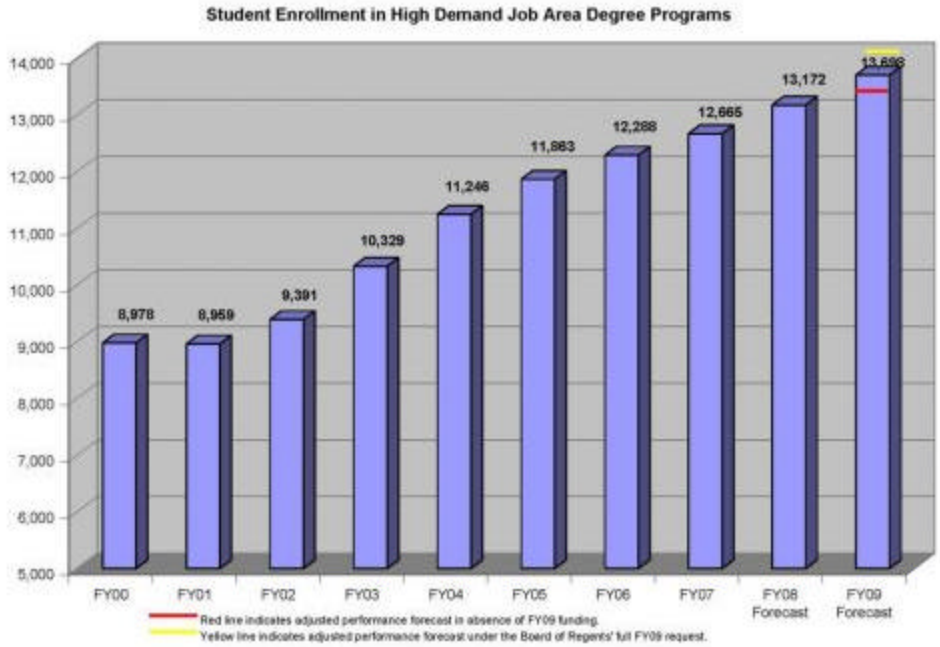
In order to continue strong growth in the number of students enrolled in key programs the issues of facility capacity for key program areas will need to be addressed. The Health Sciences building would provide the additional space necessary to continue growing in the health programs. UA plans to double the number of baccalaureate engineering degrees awarded by FY12. To achieve this goal funding for additional space will be required. The Biosciences facility will provide critical instructional classrooms for life sciences such as bio-medical research and pre-medicine/veterinary, wildlife biology, physiology, ecosystem and global change science, evolutionary biology, and population genetics.

The University, as the provider of community college and university higher education mission for the state, serves both traditional and non-traditional aged students. Student credit hour increases are just one indicator that the University of Alaska is providing critical workforce training and educational opportunities that meet the needs of the citizens of Alaska. An increase in credit hours obviously contributes to the university's overall revenue base, which in turn helps fund programs, salary, fixed cost increases, and base investments necessary to reach the enrollment target. Efforts to increase the number of credit hours enrolled positively influences headcounts of full time, part time, non-credit, and vocational education students.

E1: Strategy - Greater enrollment of students in targeted groups.

Target #1: Increase the number of students enrolled in a high demand job area degree program to 13,698 by FY09.

Measure #1: The number of students enrolled in a high demand job area degree program.



Analysis of results and challenges: Student enrollment in high demand degree programs, in FY07, increased 3 percent from FY06 and 41 percent from FY00. Performance on this measure did fall short of its moderately aggressive FY07 target of a 4 percent increase from FY06 by 115 students. This is partially due to the reaching of capacity both in core courses required for these high demand programs and in the buildings where these programs are housed. Student enrollment in high demand degree programs gives an indicator of overall student credit hour (SCH) generation. The number of student credit hours generated by students enrolled in these programs makes up a growing proportion of the university's total student credit hour

generation. This fiscal year, more than half of UA's SCH are expected to be generated by students enrolled in high demand degree programs.

High demand degree programs are more desirable to students due to better chances of employment after graduation. Enrollment in high demand job area degree programs is growing faster than enrollment in other degree programs. From FY03 to FY07, fall semester enrollments in high demand job programs increased 23 percent while overall UA system student headcount stayed level. The target for FY09, although shown as a forecast, is based on full funding of the Governor's approved FY09 operating and capital requests. Although UA will focus on maximizing results, the red line within the above chart shows the anticipated performance level without full funding.

Funding Impact

FY07 Funding – The programs funded in FY07 are expected to have a positive impact on enrollment. Startup and recruitment are major FY07 efforts with a noticeable enrollment increase in high demand programs of 4 percent expected in FY08. The Integrated Science building (ISB) will have a significant impact on enrollment once completed in FY10, accommodating estimated growth for Anchorage campus of an additional 4 percent.

External Funding and Internal Reallocation – Every year since FY00, UA's Board of Regents has directed reallocation and new funding to high demand job related programs. In only three years since FY00, have legislative state appropriation increases covered fixed costs and provided for some program growth, thus for the other five years, the Board forced internal reallocation to key high job demand areas. This demonstrates focus and alignment to state priorities. In FY08, given the critical and urgent nature of proceeding with high demand programmatic needs, $2.5 million in general funds was reallocated from all campuses. In FY08, $1.0 million in temporary funds were invested in key workforce programs.

FY09 Operating Funding – To further increase performance on this measure, funding for the Governor's FY09 operating budget request is necessary. The Governor's FY09 operating budget request includes investments in high demand programs such as health, engineering and construction. It is anticipated that funding of Preparing Alaskans for Jobs will provide an immediate 2 percent high demand job area enrollment increase from FY09 to FY10, which based on our current FY09 goal would mean an additional 279 students in FY10. To simply maintain existing performance levels, the fixed costs items in the Governor's approved FY09 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

FY09 Capital Funding – Sufficient capital funding for Maintaining Existing Facilities and Equipment Renewal and Renovation Annual Requirement is necessary simply to maintain current performance levels. To remain competitive and retain students it is important to keep UA buildings and equipment competitive.

Looking to the Future – The Board of Regents' full FY09 request included a Student Success/Student Demand increment, a Fisheries increment, planning for the UAF Engineering, Energy and Technology Building, planning for the UAA Engineering Building Addition, and additional classroom space through the UAA Health Sciences building and the UAF Biosciences facility. Student Success initiatives would positively impact performance on this measure through improved retention and graduation rates. Also, to improve the university's ability to respond to state needs, funding for fisheries will be needed in the future.

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Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))